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July 3, 2002

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

VIA ELECTRONIC SYSTEM AND COURIER

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: In the Matter of a Request for Review By GE Business Productivity
Solutions, Inc. of Decision of Universal Service Administrator
CC Docket Nos. 96-45 and 97-21

Dear Ms. Dortch:

Enclosed for filing, in the above-referenced proceeding are an original and four
(4) copies of GE Business Productivity Solutions, Inc.'s Appeal Of A Decision Of the Universal
Service Administrative Company Concerning GE Business Productivity Solutions, Inc.'s
Revision To FCC Form 499-A.

No. of Copies rec'd 0+4
List ABCDE

KELLEY DRYE & WARREN LLP

Ms. Marlene H. Dortch
July 3, 2002
Page 2

Please date stamp the enclosed duplicate and return it to the courier. If you have any questions, do feel free to contact me at (202) 955-9774.

Sincerely,

A handwritten signature in cursive script that reads "Darius B. Withers".

Darius B. Withers

DBW:pab

Enclosures

cc: Eric Einhorn, Acting Chief, Telecommunications Access Policy Division
Anita Cheng, Assistant Chief, Telecommunications Access Policy Division
Robert W. Haga, Vice President, Strategic Planning & Operations, Universal Service
Administrative Company
Victor A. Allums, General Counsel, GE Business Productivity Solutions, Inc.
Meredith H. Gifford, Assistant Vice President, Regulatory Affairs, GE Business
Productivity Solutions, Inc.

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of a Request for Review
By GE Business Productivity Solutions, Inc. of
Decision of Universal Service Administrator

Federal-State Joint Board on
Universal Service

CC Docket No. 96-45

Changes to the Board of Directors of the
National Exchange Carrier Association, Inc.

CC Docket No. 97-21

**APPEAL OF A DECISION OF THE UNIVERSAL SERVICE ADMINISTRATIVE
COMPANY CONCERNING GE BUSINESS PRODUCTIVITY SOLUTIONS, INC. 'S
REVISION TO FCC FORM 499-A**

Pursuant to Section 54.713 of the rules of the Federal Communications Commission ("FCC" or "Commission"), 47 C.F.R. § 54.713, GE Business Productivity Solutions, Inc. d/b/a GE Capital Communication Services successor-in-interest to GE Capital Communication Services Corporation ("GEBPS") hereby respectfully requests that the Commission grant this request for an appeal of a decision of the Universal Service Administrative Company ("USAC"). Specifically, on May 6, 2002, USAC rejected GEBPS's second Revised FCC Form 499-A (the "Second Revised Filing") for the funding period from January 1, 1999 through December 31, 1999. As explained herein, the Second Revised Filing had been filed to correct an overstatement of GEBPS's revenues for the period, resulting in an over-payment of GEBPS's contributions to the Universal Service Fund ("USF") totaling \$171,136.30. Notwithstanding the fact that GEBPS advised USAC of this inadvertent error promptly upon its discovery, USAC has refused to accept the Second Revised Filing and has

rejected GEBPS's repeated requests for a refund of the excess amounts it has paid, which are significant.

USAC's decision is based upon an administrative policy arbitrarily limiting the period for recovery of over-payments by contributors to one year. This policy is without statutory or regulatory foundation and exceeds the bounds of USAC's authority. It also violates basic tenets of fairness and undermines confidence in the entire process of USF administration. GEBPS respectfully requests that the Commission consider the implications of USAC's policy and grant this request for appeal by requiring that USAC accept GEBPS's adjusted filing and pay the requested refund.¹

BACKGROUND

GEBPS's original Form 499-A filing for calendar year 1999, which was due April 1, 2000, was timely filed on or about March 31, 2000 ("April 1, 2000 Filing"). The April 1, 2000 Filing contained two errors: (1) it inadvertently overstated GEBPS's prepaid calling card revenues by including revenues from the first half of 1999 twice; and (2) it inadvertently overstated GEBPS's interstate revenues in lines 411(d) and 417(d). GEBPS corrected the first error by timely filing a revised Form 499-A on or about August 11, 2000 (the "First Revised Filing"). This filing was accepted by USAC.

GEBPS did not immediately catch the second error because the employee who was responsible for providing correct numbers for the April 1, 2000 Filing apparently did not understand how to properly distinguish between interstate and international revenues on the one

¹ The Commission has the authority to consider the decisions of USAC pursuant to Section 254 of the Act and Section 54.713 of the Commission's rules, 47 C.F.R. §54.713. See also *Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, Federal-State Joint Board on Universal Service, Report and Order, 13 FCC Rcd 25058, 25093, 25095 at ¶¶ 69, 72 (1998) ("1998 Joint Board Order") ("We find that the Commission has the authority to review USAC decisions . . . because USAC is administering the universal service support mechanisms for the Commission, subject to Commission rules and oversight").

hand and intrastate revenues on the other. The revenue numbers for lines 411(d) and 417(d) of both the April 1, 2000 Filing and the First Revised Filing inadvertently were based on the incorrect premise that intrastate revenues include only those revenues from calls that originate and terminate in the state in which GEBPS's switch carrying the traffic is located, rather than revenues from all calls that originate and terminate in the same state. As a result, a portion of GEBPS's intrastate revenues for the period were counted as interstate, and GEBPS's interstate revenues in lines 411(d) and 417(d) of both the April 1, 2000 Filing and the First Revised Filing were overstated. *GEBPS's over-reported interstate revenues resulted in GEBPS over-paying its USF contributions in the amount of \$171,136.30 for 1999.*

GEBPS discovered the second error upon a change in the personnel responsible for its USF filings. GEBPS filed the Second Revised Filing as soon as possible thereafter, on or about February 22, 2002. In submitting the corrected filing, GEBPS used a report developed by GEBPS's accounting and tax vendor, Atlantax, which provided information on how to apply the correct percentages to GEBPS's intrastate and interstate/international revenues.² USAC rejected the Second Revised Filing by letter dated March 14, 2002 on the grounds that it was "not filed within one year of the original submission."³

After receiving the March 14, 2002 Rejection Letter, GEBPS filed a *Letter of Appeal* to USAC dated April 3, 2002.⁴ USAC rejected the April 3, 2002 Letter of Appeal on

² See Atlantax Report, attached hereto as Exhibit 1.

³ See March 14, 2002 Letter from Universal Service Administrative Company to GE Capital Communication Services Company, ATTN: John Mills ("*March 14, 2002 Rejection Letter*"), attached hereto as Exhibit 2.

⁴ See April 3, 2002 Letter of Appeal from Meredith H. Gifford, AVP, Regulatory Affairs, GE Business Productivity Solutions, Inc., to Universal Service Administrative Corporation, ("*April 3, 2002 Letter of Appeal*"), attached hereto as Exhibit 3.

May 6, 2002.⁵ In its May 6, 2002 Rejection Letter, USAC stated that:

FCC regulations do not require USAC to accept any late-filed Universal Service Worksheets. However, in order to improve the accuracy of the revenue reported, the USAC Board of Directors has authorized staff to allow carriers to file new or revised worksheets after the original due date. . . .

The Form 499-A at issue was due on April 1, 2000. GEBPS's revised FCC Form 499-A was received by USAC on February 22, 2002. Because GEBPS's attempted submission was outside of the filing revision deadline of the worksheet in question, USAC rejected the submission of this form consistent with its previously adopted policy.

The May 6, 2002 USAC Rejection Letter provided GEBPS the option to file an appeal with the Commission within sixty (60) days from the date of the letter, hence this pleading.⁶

ARGUMENT

USAC's response to GEBPS's claims is inappropriate for three reasons: 1) USAC lacks statutory or any other authority to deny GEBPS's revision and refund request; 2) USAC's action is inherently arbitrary and constitutes an abuse of discretion in the administration of the USF; and 3) the result creates adverse policy implications for the administration of the USF program in general.

1. USAC Lacks Authority To Impose A One-Year Limit

Section 254 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (the "Act"), provides generally for the equitable and nondiscriminatory contribution by telecommunications carriers to mechanisms established by the

⁵ See May 6, 2002 Letter from Universal Service Administrative Company to Meredith H. Gifford, AVP, Regulatory Affairs, GE Business Productivity Solutions, Inc. ("*May 6, 2002 USAC Rejection Letter*"), attached hereto as Exhibit 4.

⁶ *Id.* at 2.

FCC and the Federal-State Joint Board to preserve and advance universal service.⁷ Although its existence was not mandated by the Act, USAC was established at the direction of the FCC as an independent not-for-profit entity with the sole function of administering the Universal Service Fund (“USF”) and other universal service support programs.⁸

USAC does not possess any independent authority to administer the USF programs. The Commission and the Federal-State Joint Board retain full authority and control over the USF programs, and USAC at all times remains subject to FCC oversight.⁹ The limited responsibilities delegated to USAC are clear in the rules and regulations setting forth the scope of USAC’s charter. Specifically, Sections 54.702(a) and (b) of the Commission’s rules clearly state that USAC is responsible for administering the USF programs, including billing, collection and disbursement of USF funds.¹⁰ In addressing early concerns over the role of USAC, the Commission has emphasized that USAC’s functions are to be “exclusively administrative”,¹¹ noting that Section 54.702(c) expressly limits USAC’s power by stating that USAC “may not make policy, interpret unclear provisions of the statute or rules, or interpret the intent of Congress. Where the Act or the Commission’s rules are unclear, or do not address a particular situation, the Administrator shall seek guidance from the Commission.”¹²

Despite the fact that USAC is clearly prohibited from establishing policy or

⁷ 47 U.S.C. §254.

⁸ See *1998 Joint Board Order*, 13 FCC Rcd at 25064, 25065-66 at ¶¶ 12, 14.

⁹ See *In the Matter of Federal State Joint Board on Universal Service*, Report and Order, 12 FCC Rcd 8776, 9192 at ¶¶ 813-815 (1997) (“*1997 Joint Board Order*”); *1998 Joint Board Order* at 25065 at ¶ 14; see also 47 U.S.C. § 254, *et seq.*

¹⁰ 47 U.S.C. §§ 54.702(a)-(b).

¹¹ *1998 Joint Board Order* at 25067 at ¶ 16 (*responding to comments of BellSouth, Sprint, and US WEST*).

¹² 47 U.S.C. §§ 54.702(c).

addressing uncertainties in the administration of the USF on its own, it has clearly done so in this case. In rejecting GEBPS's request, USAC has relied on its "previously adopted policy," approved by the USAC Board of Directors during a USAC Board of Directors meeting on July 27, 1999, limiting the period for carrier-initiated adjustments to USF submissions. According to an Action Item entitled, "Recommended Deadline for True-Up of Form 457," USAC's staff recommended the following to the Board:

"[b]eginning with the September 1, 1999, data submission; carrier initiated requests for changes in reported revenues be limited to 12 months Changes to prior submissions as a result of an audit of a carrier's revenue reported on the Form 457 would not be impacted by the proposed limitation."¹³

USAC's staff offered the following rationale to support adoption of the recommendation:

"Historically, USAC has accepted any changes in revenue information reported by telecommunications service providers, regardless of when the changes were reported. It is becoming increasingly burdensome administratively to continue accepting revisions to reported revenue information indefinitely Each time a change is reported that affects end-user billed revenue, it necessitates revising the service provider's billed amounts for the period impacted by the change."¹⁴

The adoption of such a policy is completely unauthorized and inappropriate.

First, nowhere is statutory or regulatory authority cited to support the USAC policy and nowhere is any indication given that USAC consulted with the Commission prior to adopting the policy. Thus, the adoption of, and reliance upon, such a policy directly contravenes express limits on USAC's discretion.

Second, USAC attempts to support its position by stating that Commission

¹³ The specific resolution stated, "RESOLVED, That the USAC Board of Directors directs staff to no longer accept carrier initiated requests for changes in revenues reported on prior FCC Form 457 beyond 12 months from the initial submission of the Form in question." See *Action Item # aBOD05*, attached hereto as Exhibit 5.

¹⁴ See *Action Item # aBOD05*.

“regulations do not require USAC to accept any late-filed Universal Service Worksheets.”¹⁵

GEBPS notes the corollary – namely, that no Commission regulations *restrict* USAC from accepting a worksheet, nor do any Commission regulations govern the process by which it will accept, consider, or reject any worksheets filed out-of time. Thus, USAC is without discretion to reject a corrected worksheet, whenever it is filed.

Third, USAC’s one-year policy actually contravenes rules that expressly contemplate that refunds will be given, without consideration of any time limit. Section 54.713 of the Commission’s rules states that, “[o]nce a contributor complies with the Telecommunications Reporting Worksheet filing requirements, the Administrator may refund any overpayments made by the contributor, less any fees, interests, or costs.”¹⁶ Therefore, contrary to USAC’s implication, the Commission’s regulations contemplate that USAC *will provide refunds* to contributors. Here, GEBPS complied with the Telecommunications Reporting Worksheet filing requirements when it timely filed its April 1, 2000 Filing with USAC. GEBPS further complied with the requirements when, within the one-year period, it filed its First Revised Filing. Upon receipt of GEBPS’s First Revised Filing, USAC was fully aware that the amounts specified in the April 1, 2000 filing were subject to change and revision. The Second Revised Filing only attempted to rectify the immediately preceding filing. Under such circumstances, USAC has no independent authority to thwart the clear intent of the rules by refusing to refund an overpayment.

Fourth, USAC’s rationale for adopting the policy contradicts the rules that govern its operations. The one-year policy, adopted ostensibly to avoid an “administrative burden,”

¹⁵ May 6, 2002 USAC Rejection Letter at 1.

¹⁶ 47 C.F.R. § 54.713

ignores the provisions of Section 54.713 of the Commission's rules which specifically permits USAC to receive compensation for administrative tasks. Thus, the recalculation of contributions owed by over-payers, such as GEBPS, does not impose an undue administrative burden on USAC. Because USAC is authorized to recover its costs for such tasks, arbitrary policies adopted to avoid the necessity for undertaking such tasks are completely unjustified

Finally, even if USAC's a one-year limit for acceptance of corrected USF filings is deemed to be justified and appropriate, such a limit was not properly adopted by USAC as an administrative policy. Rather, such a rule should be adopted by the Commission pursuant to normal notice and comment rulemaking procedures. A one-year limit is more than a mere administrative or organizational measure. It is a decisional rule with potentially material adverse impact on contributors as well as on the USF as a whole. In GEBPS's case, the automatic imposition of USAC's one-year limit clearly results in such a materially adverse impact, namely the confiscation by USAC of \$171,136.30 that rightfully belongs to GEBPS. USAC's adoption and imposition of such a rule, without public notice or comment, that results in the confiscation of a carrier's property without just cause, violates of basic notions of due process.¹⁷

2. USAC's Policy is Arbitrary And An Abuse of Discretion

Even if USAC is deemed to have the authority to adopt policies concerning the filing of corrected worksheets and the payment of refunds, the particular policy at issue here is manifestly arbitrary and unfair. As such, it is a complete abuse of USAC's discretion.

¹⁷ By contrast, we note that the Commission has used notice and comment procedures to adopt rules for refunds in other contexts, e.g., in cases concerning refunds of filing fees paid by applicants for commercial broadcast licenses. See *In the Matter of Applications of Wade Communications, Inc., Ellen R. Evans d/b/a Heartland Communications, and B.R. Clayton and Martha S. Clayton d/b/a Middleton Radio*, Memorandum Opinion and Order, 16 FCC Rcd 20708, 20710 at ¶ 7 (2001). See also *In the Matter of Implementation of Section 309(j) of the Communications Act – Competitive Bidding for Commercial Broadcast and Instructional Television Fixed Service Licenses*, First Report and Order, 13 FCC Rcd 15920, 15933, 15939 ¶¶ 32-33, 49 (1998).

As an initial matter, USAC's policy is striking in its asymmetry. USAC has limited a carrier's ability to recover refunds beyond a date certain, but has accepted no corresponding limit on its own ability to conduct audits, impose changes to reported revenues, and collect under-payments. It is simply inappropriate for USAC to have such unequal and limitless discretion to recover funds from carriers, while imposing an apparently strict limit on the ability of carriers to obtain refunds.

USAC justifies its policy in part with the argument that there are few indicia of reliability in Form 499 revisions beyond the one-year deadline. However, USAC cannot have it both ways. If USAC feels confident that sufficient indicia of reliability exist for it to recover under-payments after a one-year period, it should possess the same level of confidence that reliable indicia exist to support identification of over-payments and refunds due to a carrier, as the Commission's rules contemplate.¹⁸

Most tellingly, grant of GEBPS's requested refund will not disadvantage or harm any other party. GEBPS is not requesting that USAC refund or distribute funds based upon USF-qualified revenues. Rather GEBPS merely seeks a refund of money which GEBPS *over-paid* into the USF program. By refunding GEBPS funds, USAC will not remove from the USF any funds that are properly under USAC's control. No program, school, rural end-user, or library will suffer because of the return of GEBPS's funds. To the contrary, absent a refund, the USF programs are unjustly enriched. Such a result flouts the Commission's directive that USAC recover all funds due in an equitable and nondiscriminatory manner,¹⁹ and cannot be justified.

¹⁸ By analogy, the United States Internal Revenue Code permits taxpayers to file any claim for a refund within three years, 26 U.S.C. § 6511(a); and correspondingly subjects the Internal Revenue Service ("IRS") to a general three year statute of limitations for filing suit for a deficiency assessment, 26 U.S.C. § 6501(a).

¹⁹ See generally, 47 U.S.C. § 254.

3. USAC's Decision Has Negative Policy Implications

Allowing the USAC decision to stand will have negative implications for the USF program. Carriers have reported revenues subject to USF contributions with the understanding that if they over-report revenues and make excess contributions, the opportunity will exist to receive a refund for the amounts over-paid.²⁰ To be sure, carriers have the incentive to be as accurate as possible in their filings, but as is evident from GEBPS's case, unintentional and unforeseen mistakes inevitably will occur. Carriers now cannot be confident that such honest mistakes will be fairly handled.

Most critically, the unchecked implementation by USAC of its policy limiting refunds may lead to substantial over-collection of USF contributions. In the case of GEBPS, the over-collection constitutes a significant sum. In other cases, it could be more. On a cumulative basis over time, and in cases involving additional carriers, distortions in the amounts collected will be even greater. USAC has offered no explanation of whether or how adjustments will be made for such distortions. The implications of USAC's policy are that over-collections left without correction for more than a year will simply be retained without any adjustment. The indefinite retention of such over-collections is not authorized, and would threaten the integrity of the USF program.

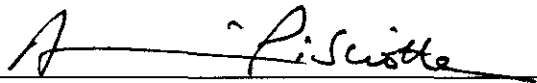
Thus, USAC's one-year policy and its decision in the instant case undermine confidence that USAC operates solely as a functional administrator. Indeed, they raise important concerns that USAC may overstep the bounds of its limited responsibilities and make decisions with unauthorized substantive impact, thereby potentially impeding rather than facilitating the ultimate realization of the USF program's laudable goals.

²⁰ *Federal-State Joint Board on Universal Service, Petition for Reconsideration filed by AT&T, Report and Order and Order on Reconsideration, 16 FCC Rcd 5748, 5733 at ¶12 (2001).*

CONCLUSION

In light of the foregoing, GEBPS respectfully requests that the FCC reverse USAC's decision and direct USAC to refund to GEBPS its over-payment for 1999 in the amount of \$171,136.30.

Respectfully submitted,



KELLEY DRYE & WARREN LLP

General Counsel:

Victor A. Allums, General Counsel, GE
Business Productivity Solutions, Inc.

Brad E. Mutschelknaus
Aileen A. Pisciotta
Darius B. Withers

Counsel to GE Business Productivity
Solutions, Inc.

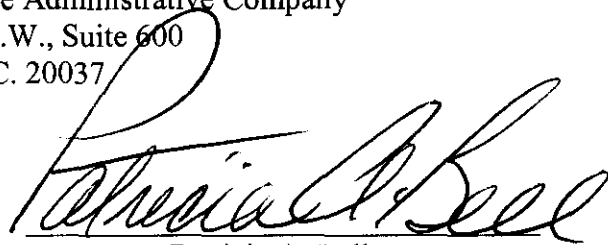
Dated: July 3, 2002

CERTIFICATE OF SERVICE

I, Patricia A. Bell, hereby certify that I have this 3rd day of July 2002, served a true and correct copy of the foregoing "APPEAL OF A DECISION OF THE UNIVERSAL SERVICE ADMINISTRATIVE COMPANY CONCERNING GE BUSINESS PRODUCTIVITY SOLUTIONS, INC.'S REVISION TO FCC FORM 499-A" via courier, upon the following individuals:

Eric Einhorn
Acting Chief
Telecommunications Access Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Robert W. Haga
Vice President, Operations and Assistant Treasurer
Universal Service Administrative Company
2120 L Street, N.W., Suite 600
Washington, D.C. 20037

A handwritten signature in cursive script, reading "Patricia A. Bell", written in black ink.

Patricia A. Bell

EXHIBIT 1

ATL ANTAX Systems, Inc.
 Tax Rating System 3.11
 Tax Rating Summary Report by State
 GE CAPITAL COMMUNICATION SERVICES CORP
 Disk Total

Report Date: 01/24/00

Report Time: 16:28:16

State	Intrastate Revenue	Intrastate Tax	Interstate Revenue	Interstate Tax	Blended Tax Rate
Alabama	34,491.56	-	70,194.23	-	0.00%
Alaska	3,236.00	-	16,380.96	-	0.00%
Arizona	70,405.91	-	132,826.26	-	0.00%
Arkansas	28,982.22	279.78	71,334.57	780.83	6.88%
California	288,179.26	2,985.51	1,260,586.62	9,312.31	3.20%
Colorado	13,781.21	128.49	128,204.54	39.76	0.71%
Connecticut	6,631.62	75.63	44,435.79	512.31	6.00%
Delaware	785.97	1.17	6,391.46	-	0.10%
Washington D.C.	229.46	-	6,962.29	-	0.00%
Florida	45,104.92	1,135.17	212,491.65	3,179.02	10.44%
Georgia	18,182.71	-	132,988.17	-	0.00%
Hawaii	1,917.70	5.40	15,088.60	51.46	4.14%
Idaho	44,260.41	17.37	306,576.26	-	0.02%
Illinois	121,474.89	12,460.52	723,770.59	74,740.17	10.32%
Indiana	352,935.34	-	524,078.90	-	0.00%
Iowa	379,871.45	-	622,567.44	-	0.00%
Kansas	49,875.38	-	200,871.53	-	0.00%
Kentucky	12,401.53	186.09	75,090.35	-	1.16%
Louisiana	4,766.55	-	17,983.74	-	0.00%
Maine	14,716.44	76.98	24,968.63	-	1.79%
Maryland	27,304.61	131.82	73,678.21	298.15	2.00%
Massachusetts	4,168.12	30.93	29,206.34	423.52	5.00%
Michigan	275,045.80	-	455,991.89	-	0.00%
Minnesota	231,830.17	-	423,314.63	-	0.00%
Mississippi	1,552.96	-	12,921.10	-	0.00%
Missouri	92,438.24	-	241,142.70	-	0.00%
Montana	34,825.14	120.51	103,682.85	23.65	0.65%
Nebraska	8,440.50	124.62	37,073.12	4.25	1.07%
Nevada	4,439.16	26.28	96,640.47	-	0.13%
New Hampshire	1,900.44	8.19	11,849.40	110.03	5.50%
New Jersey	50,408.04	467.94	187,775.11	1,954.63	6.00%
New Mexico	46,589.93	-	121,019.68	-	0.00%
New York	140,700.64	2,330.58	350,380.68	1,560.95	6.19%
North Carolina	13,363.12	197.67	80,194.31	-	1.01%
North Dakota	39,764.60	-	97,146.42	-	0.00%
Ohio	82,285.99	879.42	219,284.59	2,775.01	6.32%
Oklahoma	12,558.80	-	39,925.03	-	0.00%
Oregon	86,374.05	-	287,377.57	-	0.00%
Pennsylvania	257,918.14	3,913.80	389,571.55	3,610.20	7.97%
Rhode Island	310.81	2.94	5,995.30	71.59	11.68%

State	Intrastate Revenue	Intrastate Tax	Interstate Revenue	Interstate Tax	Blended Tax Rate
South Carolina	16,832.18	-	59,447.39	-	0.00%
South Dakota	22,284.52	-	83,638.19	-	0.00%
Tennessee	26,025.40	-	129,763.34	-	0.00%
Texas	139,559.07	-	234,548.42	-	0.00%
Utah	8,148.81	-	46,717.32	-	0.00%
Vermont	38,979.32	-	131,154.84	-	0.00%
Virginia	16,423.84	-	100,492.94	-	0.00%
Washington	164,544.66	-	318,581.14	-	0.00%
West Virginia	4,420.44	8.31	19,281.22	128.80	6.00%
Wisconsin	137,849.45	-	331,626.88	-	0.00%
Wyoming	14,854.41	164.73	350,303.53	-	0.39%
Unidentified	11,675.05	-	44,624.72	-	
Totals:	3,506,046.92	15,123.45	9,708,143.45	37,937.12	2.26%
Total	13,214,190.37				
	AAAAAAAAAAAAAAAA				

EXHIBIT 2



Universal Service Administrative Company

*Dec'd
from
Mills
3/20/02
net*

March 14, 2002

GE Capital Communication Services Corporation
6540 powers Ferry Rd.
Atlanta, GA 30339

Filer 499 ID: 802374

Attn: John Mills

RE: Form 499-A Revision Rejection

The Universal Service Administrative Company (USAC) has completed a review of the Revised FCC Form 499-A that you submitted for the purpose of revising revenue reported by GE Capital Communication Services Corporation for the period January 1 – December 31, 1999. Based on the information provided, we are unable to accept the revision because it was not filed within one year of the original submission.

USAC recognizes that you may disagree with our decision. **If you wish to file an appeal, your appeal must be received no later than 30 days after the date of this letter.**

In the event that you choose to appeal the decision, you should follow these guidelines:

- Write a "Letter of Appeal to USAC" explaining why you disagree with this Revised Form 499-A Rejection letter and identify the outcome that you request;
- Mail your letter to:
Letter of Appeal
USAC
2120 L Street, NW, Suite 600
Washington, DC 20037
- Appeals submitted by fax, telephone call, and e-mail **will not** be processed.
- Provide necessary contact information. Please list the name, address, telephone number, fax number, and e-mail address (if available) of the person who can most readily discuss this appeal with USAC.
- Identify the "Legal Reporting Name" and "Filer 499 ID."
- Explain the appeal to the USAC. Please provide documentation to support your appeal.

- Attach a photocopy of this Revised Form 499-A Rejection decision that you are appealing.

USAC will review all "letters of appeal" and respond in writing within 90 days of receipt thereof.

The response will indicate whether USAC:

- (1) agrees with your letter of appeal, and approves an outcome that is different from the Revised Form 499-A Rejection Letter; or
- (2) disagrees with your letter of appeal, and the reasons therefor.

If you disagree with the USAC response to your "letter of appeal," you may file an appeal with the FCC within 30 days of the date USAC issued its decision in response to your "Letter of Appeal." The FCC address where you may direct your appeal is:

Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

Please be sure to indicate the following information on all communications with the FCC:
"Docket Nos. 96-45 and 97-21."

In the alternative, you may write and send an appeal letter directly to the Federal Communications Commission (FCC), and bypass USAC. Your letter of appeal to the FCC must explain why you disagree with the USAC decision. You are also encouraged to submit any documentation that supports your appeal. The FCC rules governing the appeals process (Part 54 of Title 47 of the Code of Federal Regulations 54.719 – 54.725) are available on the FCC web site (www.fcc.gov).

If you have questions or concerns regarding this letter, please contact Lisa Tubbs at (973) 884-8116 or Lori Terraciano at (973) 560-4426.

Sincerely,

USAC

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**GE Capital**

GE Business Productivity Solutions, Inc.
6540 Powers Ferry Road, Suite 100
Atlanta, GA 30339
770-644-7600

April 3, 2002

BY FEDERAL EXPRESS

Universal Service Administrative Corporation
Attn: Tracey Beaver
2120 L Street, N.W.
Suite 600
Washington, DC 20037

Letter of Appeal
USAC
2120 L Street
Suite 600
Washington, DC 20037

RE: Letter of Appeal to USAC
Form 499-A Revision Rejection for the Period January 1, 1999 – December 31, 1999
Filer 499 ID: 802374
Legal Reporting Name: GE Business Productivity Solutions, Inc. d/b/a GE
Capital Communication Services successor-in-interest to GE Capital
Communication Services Corporation

Dear Ms. Beaver:

We are in receipt of the March 14, 2002 letter from Universal Service Administrative Company ("USAC") rejecting the Revised FCC Form 499-A (the "Revised Form 499-A") for GE Business Productivity Solutions, Inc. d/b/a GE Capital Communication Services successor-in-interest to GE Capital Communication Services Corporation ("GEBPS"), for the period from January 1, 1999 through December 31, 1999. A copy of the March 14, 2002 letter is attached as Exhibit A.

GEBPS's original Form 499-A filing for calendar year 1999, which was timely filed on or about March 31, 2000, inadvertently overstated GEBPS's prepaid calling card revenues by including revenues from the first half of 1999 twice. GEBPS subsequently corrected that error by timely filing a revised Form 499-A on or about August 11, 2000 (the "First Revised Filing") (see copy attached hereto as Exhibit B). GEBPS then filed the Revised Form 499-A (see copy attached hereto as Exhibit C) on or about February 22, 2002, when it was discovered that GEBPS had (because of personnel changes within GEBPS's Finance Department) inadvertently overstated its interstate revenues in lines 411(d) and 417(d). The Revised Form 499-A was filed out of time and was rejected by USAC.

Universal Service Administrative Corporation
 April 3, 2002
 Page -2-

In the First Revised Filing, GEBPS reported prepaid calling card revenues (line 411) and all other long distance services (line 417) as follows:

	Total Revenue (a)	Interstate Revenue (d)	International Revenue (e)
Line 411	13,364,179	11,319,184 (84.7% of Total Revenues) (combined interstate + international revenues = 95.3% of Total Revenues)	1,413,930 (10.6% of Total Revenues)
Line 417	735,661	571,808 (77.7% of Total Revenues) (combined interstate + international revenues = 95.7% of Total Revenues)	132,419 (18.0% of Total Revenues)

Based on those reported numbers, GEBPS's prepaid calling card interstate plus international revenue (line 411) totaled 95.3% of Total Revenues, leaving intrastate revenues at 4.7% of Total Revenues, and GEBPS's all other long distance services revenue (line 417) totaled 95.7% of Total Revenues, leaving intrastate revenues at 4.3% of Total Revenues. Those percentages were incorrect.

Based on information received by GEBPS from its sales and use tax processing vendor, Atlantax Systems, Inc., on January 24, 2000 (see copy of Atlantax Systems, Inc. ("Atlantax") report attached hereto as Exhibit D), GEBPS's intrastate usage revenues (\$3,506,046.92) were 26.5% of GEBPS's total usage revenues (\$13,214,190.37), leaving 73.5% of Total Revenues as interstate and international revenues. In the Revised Form 499-A, GEBPS corrected its reported numbers based on the correct percentages as follows:

	Total Revenue (a)	Interstate Revenue (d)	International Revenue (e)
Line 411	13,364,179	8,475,562 (63.4% of Total Revenues) (combined interstate + international revenues = 74.0% of Total Revenues)	1,413,930 (10.6% of Total Revenues)
Line 417	735,661	411,970 (56.0% of Total Revenues) (combined interstate + international revenues = 74.0% of Total Revenues)	132,419 (18.0% of Total Revenues)

Due to personnel changes in GEBPS's Finance Department, the employee whose responsibility it was to provide correct numbers for the April 1, 2000 Form 499-A filing was not properly trained to determine correctly which revenues constituted interstate and international revenues and which revenues constituted intrastate revenues. Moreover, the employee was unaware of the Atlantax report, Exhibit D, which should be used to determine the correct percentages to apply to total revenues to complete the form. As a result, the GEBPS employee provided revenue numbers for the First Revised Filing that were based on the premise that intrastate revenues are only those revenues from calls that originate and terminate in the state in which the switch carrying the traffic is located, rather than considering revenues from a call that originates and terminates in the same state (regardless of where the switch is located and regardless of where the call is routed after origination and before termination) as intrastate revenues. The result was that GEBPS's interstate and international revenues were overstated.

GEBPS's error was inadvertent and the Revised Form 499-A should be accepted by USAC for the following reasons. First, GEBPS's overpayment as a result of the error was significant. Based on the First Revised Filing, GEBPS paid a total of \$1,563,013.60 in USF contributions in 2000 when it should

Universal Service Administrative Corporation
April 3, 2002
Page -3-

have paid \$1,391,877.30, as per the Revised Form 499-A, resulting in a USF contribution overpayment of \$171,136.30. Second, USAC would certainly expect GEBPS to re-file out of time if revenue numbers had been under-reported instead of over-reported and GEBPS would certainly have done so if, in the alternative, it had found an error not in GEBPS's favor. It is only fair, therefore, that GEBPS's over-reporting be allowed to be corrected, particularly in light of the magnitude of the resulting overpayment. Finally, the overpayment has had a negative effect on GEBPS's ability to compete in a market where the primary focus of the act governing the industry, the Telecommunications Act of 1996, is to foster competition.

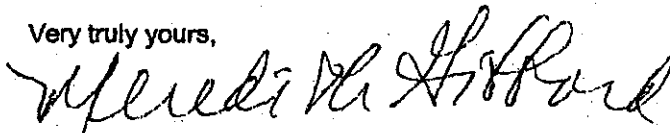
Based on the foregoing, GEBPS hereby requests that its Revised Form 499-A be accepted by USAC and that it receive a credit in the amount of \$171,136.30 toward future USF contributions.

Please contact me if you have any questions:

Meredith Gifford, AVP Regulatory Affairs
GE Business Productivity Solutions, Inc.
6540 Powers Ferry Road
Atlanta, GA 30339
(770) 644-7774
(770) 644-7752 (fax)
meredith.gifford@gecapital.com

Thank you for your attention to this matter.. I look forward to hearing from you.

Very truly yours,



Meredith H. Gifford
AVP, Regulatory Affairs

Attachments

cc: David M. O'Neill,
Executive Vice President, Communication Services

Exhibit A



Universal Service Administrative Company

*decided
from
Mills
3/20/02
- not*

March 14, 2002

GE Capital Communication Services Corporation
6540 powers Ferry Rd.
Atlanta, GA 30339

Filer 499 ID: 802374

Attn: John Mills

RE: Form 499-A Revision Rejection

The Universal Service Administrative Company (USAC) has completed a review of the Revised FCC Form 499-A that you submitted for the purpose of revising revenue reported by GE Capital Communication Services Corporation for the period January 1 – December 31, 1999. Based on the information provided, we are unable to accept the revision because it was not filed within one year of the original submission.

USAC recognizes that you may disagree with our decision. **If you wish to file an appeal, your appeal must be received no later than 30 days after the date of this letter.**

In the event that you choose to appeal the decision, you should follow these guidelines:

- Write a "Letter of Appeal to USAC" explaining why you disagree with this Revised Form 499-A Rejection letter and identify the outcome that you request;
- Mail your letter to:
Letter of Appeal
USAC
2120 L Street, NW, Suite 600
Washington, DC 20037
- Appeals submitted by fax, telephone call, and e-mail **will not** be processed.
- Provide necessary contact information. Please list the name, address, telephone number, fax number, and e-mail address (if available) of the person who can most readily discuss this appeal with USAC.
- Identify the "Legal Reporting Name" and "Filer 499 ID."
- Explain the appeal to the USAC. Please provide documentation to support your appeal.

- Attach a photocopy of this Revised Form 499-A Rejection decision that you are appealing.

USAC will review all "letters of appeal" and respond in writing within 90 days of receipt thereof.

The response will indicate whether USAC:

- (1) agrees with your letter of appeal, and approves an outcome that is different from the Revised Form 499-A Rejection Letter; or
- (2) disagrees with your letter of appeal, and the reasons therefor.

If you disagree with the USAC response to your "letter of appeal," you may file an appeal with the FCC within 30 days of the date USAC issued its decision in response to your "Letter of Appeal." The FCC address where you may direct your appeal is:

Federal Communications Commission
Office of the Secretary
445 12th Street, SW
Room TW-A325
Washington, DC 20554

Please be sure to indicate the following information on all communications with the FCC:
"Docket Nos. 96-45 and 97-21."

In the alternative, you may write and send an appeal letter directly to the Federal Communications Commission (FCC), and bypass USAC. Your letter of appeal to the FCC must explain why you disagree with the USAC decision. You are also encouraged to submit any documentation that supports your appeal. The FCC rules governing the appeals process (Part 54 of Title 47 of the Code of Federal Regulations 54.719 – 54.725) are available on the FCC web site (www.fcc.gov).

If you have questions or concerns regarding this letter, please contact Lisa Tubbs at (973) 884-8116 or Lori Terraciano at (973) 560-4426.

Sincerely,

USAC

Exhibit B